ECONOMY

Iowa's unemployment rate, at 6 percent, is one of the lowest in the country. But that's higher than usual for this state. That, coupled with a historically high national jobless rate, a damaged housing market and low consumer confidence has made the economy a singularly important issue in this year's Republican presidential nomination contest.

All the Republicans in the race have been harshly critical of President Barack Obama's 2009 stimulus package, and they reject the idea of using government spending to fill the gap during times when private demand for goods and services is down.

The GOP candidates have all touted cuts in federal spending and taxes as central elements of their economic plans. But within that framework, there are some differences in emphasis and substance.

THE CANDIDATES' VIEWS

Bachmann

Allow foreign profits to come home tax free until Dec. 31 and tax at 5 percent after. Cut spending and phase out Fannie Mae and Freddie Mac; repeal health care reform law and financial industry regulations known as Dodd-Frank. Enforce immigration laws. Bachmann opposed nearly $900 billion federal stimulus in early 2009 but voted for $192 billion plan in July. She has also urged expansion of domestic energy supplies as a way to boost the number of American jobs.

Cain

His 9-9-9 proposal would institute 9 percent flat taxes on individual income, business and sales. There would be no payroll, estate or capital gains taxes. The plan is the centerpiece of his economic platform. He also proposes reducing regulations and says the market will regulate itself, aided by "the watchful eyes of investors and consumers." Cain supported Wall Street bailout but says it was executed poorly.

Gingrich

Extend Bush-era tax cuts, eliminate capital gains tax and cut corporate rate to 12.5 percent. Move toward optional 15 percent flat individual rate. Repeal financial industry regulations known as Dodd-Frank, as well as accounting regulations enacted in 2002; restrict Federal Reserve's role to controlling inflation, not achieving maximum employment. Doing both, he says, weakens the dollar. Gingrich also has been critical of Fed chief Ben Bernanke, saying he'd fire him.

Paul

Return to the gold standard, eliminate the Federal Reserve and let gold and silver be used as legal tender. U.S. monetary policy has devalued the dollar, Paul says. Set corporate tax rate at 15 percent, extend Bush-era tax cuts and end inheritance tax. He also would eliminate most federal regulations. Paul has proposed cutting the federal budget by $1 trillion, or more than 25 percent, in a single year. He also would eliminate five federal departments.

Perry

Optional flat tax of 20 percent, cut corporate rate to 20 percent. Moratorium on pending regulations; review all put in effect since 2008. Sunset regulations unless Congress explicitly renews them. Repeal health care reform, Dodd-Frank and 2002 accounting regulations. Cap federal spending, demand balanced budget amendment. Allow overseas profits to be taxed at 5.25 percent, down from current 35 percent. Perry also would rid the tax code of renewable energy subsidies, including ethanol.

Romney

Cut corporate tax rate to 25 percent, keep marginal rates as they are while pursuing, long term, a flatter structure; eliminate inheritance tax. Pursue more trade deals, less regulation, increase energy production and move away from "unhealthy green jobs obsession." Replace jobless benefits with unemployment savings accounts. Eliminate Dodd-Frank, revise accounting regulations, speed up drilling permits, assess duties on China if it doesn't float its currency.

Santorum

Spur jobs by eliminating corporate taxes for manufacturers, drill for more oil and gas and slash regulations. Cut tax on profits earned overseas from 35 percent to 5 percent. Extend current capital gains and dividend tax rates. Put aside "dream" of green jobs and focus on domestic energy production. Enact balanced budget amendment and reduce federal spending. Eliminate Dodd-Frank and 2002 accounting regulations. He says both enshrine "too big to fail" policies.

Paul Sancya / AP

Republican presidential candidates speak about the economy during the CNBC debate two weeks ago in Auburn Hills, Mich.

Candidates differ on how to create jobs

Cain pushes 9-9-9; Romney wants revised tax code

By ED TIBBETTS
etibbetts@qctimes.com

It was nearly an hour into the CNBC debate among the Republican presidential candidates on the economy two weeks ago, and a national political analyst tweeted there hadn't been a single confrontation.

There's a good reason for that.

For the most part, the candidates have mostly stuck to a recipe of lower taxes, free trade and less regulation in laying out their plans for the nation's economy. But even though they're mostly harmonious on the topic, there are some differences in how they propose to reshape the tax code, the degree to which they would change the government's regulatory structure and how they would deal with renewable energy incentives.

A Cato Institute economist also says the records of some of the candidates indicate they aren't as conservative as their rhetoric would indicate.

The Republican presidential candidates are making their pitches on the economy to a state that hasn't suffered as much as most of the rest of the country, at least in terms of employment.

With a jobless rate at 6 percent, Iowa is three points lower than the nation. But in a state where the annual jobless rate has gone above 4.5 percent only twice between 1989 and 2008, the economy is a concern.

The two candidates who have polled the highest in Iowa lately — Mitt Romney and Herman Cain — offer a strikingly different approach to the economy.

Cain centers nearly all of his energy on his 9-9-9 plan, which would jettison most of the current federal tax code and set flat 9 percent rates on individual income, business income and on sales.

"My proposal is the only one that solves the problem by throwing out the current tax code, which has been a mess for decades," he said during the CNBC debate.

A Brookings Institution study said it would raise taxes on most Americans, but Cain has rejected that.

Romney is more judicious with the tax code. He proposes lowering the corporate tax rate and extending the Bush-era cuts. But it isn't as revolutionary as Cain's plan. His 59-page economic plan, however, is more broad-based.

"Ultimately, I'd love to see — see us come up with a plan that simplifies the code and lowers rates for everybody," Romney said during the CNBC debate. "But right now, let's get the job done first that has to be done immediately. Let's lower the tax rates on middle-income Americans."

Meanwhile, Texas Gov. Rick Perry and ex-House Speaker Newt Gingrich have proposed optional flat tax plans.

Ron Paul criticizes today's monetary system for devaluing the dollar. He's also proposed dramatically cutting more than 25 percent out of the federal budget in a single year.

Nearly all the candidates have proposed ditching the Dodd-Frank financial industry regulations. Some go further and say they would end the accounting industry regulations created after the Enron failure in 2002.

And, of course, they all say they would kill the health care reform law they deride as Obamacare.

An expert in Iowa's economy said he sees precious little in the GOP plans that get at the economy's current problem — a lack of demand.

"It's not a crisis of capital. It's a crisis of consumption," said Dave Swenson, an associate scientist in the economics department at Iowa State University. "To offer up an opportunity to reinvest in more capacity doesn't lead to more jobs."

Chris Edwards, an economist at the libertarian Cato Institute, rejects that view. He said the Obama administration's approach the past two years has failed and companies have a choice where to invest, including at lower-cost locations overseas.

"There's something else going on," he said. "It's about business fears. Investor fears about the future."

Edwards said all the candidates have offered similar rhetoric, but in some cases, their records belie that. He singles out Romney and Gingrich.

An analysis by the conservative Club for Growth faults Gingrich, in particular, for heavily utilizing tax credits while in office, which it says allows the government to "pick winners and losers."

Gingrich, on the other hand, has pointed to the years after Republicans took over control of the House in 1994 — when he was their leader — as among the most prosperous in American history, citing a cut in the capital gains tax.

Romney, meanwhile, has been tagged for Massachusetts' ranking fourth from last in job creation during his tenure. But the ex-governor has cited as strengths his business experience, stewardship of the 2002 winter Olympics and that the state moved from job losses to gains during his years in office. He also cites its improved fiscal condition, leading to a credit upgrade.

Some of the candidates have carefully targeted proposals that affect two of Iowa's most integral industries — agriculture and manufacturing.

Former Pennsylvania Sen. Rick Santorum has proposed eliminating the tax on manufacturers.

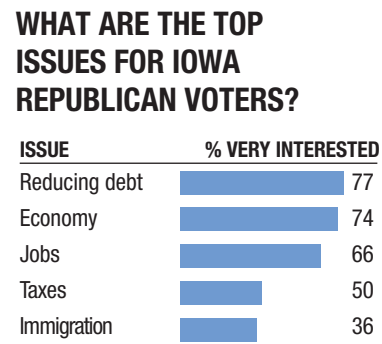
Perry, meanwhile, would do away with ethanol subsidies, even the renewable fuels standard, which requires the use of a certain amount of ethanol in the nation's fuel supply.

They say Perry's plan will give the oil industry an advantage because it preserves its subsidies.

"The Perry energy plan is not good for Iowa's economy or America's security," said Walt Wendland, president of the Iowa Renewable Fuels Association.

"I do not think it is the federal government's business to be picking winners and losers and frankly on any of our energy sources," Perry said earlier this month in Pella. He suggests leaving to states the option of investing in such sectors.

WHAT ARE THE TOP ISSUES FOR IOWA REPUBLICAN VOTERS?

ISSUE	% VERY INTERESTED
Reducing debt	77
Economy	74
Jobs	66
Taxes	50
Immigration	36

Source: Bloomberg News poll of 503 likely Iowa caucus-goers, Nov.10-12. Margin of error: 4.4 percentage points. Percentage represents those who replied the issue was "critical."

ONLINE

Want more? These websites have more details on the candidates' plans for the economy.

Michele Bachmann
michelebachmann.com/issues/americanjobsrightnow

Herman Cain
hermancain.com/999

Newt Gingrich
newt.org/solutions/jobs-economy

Jon Huntsman
jon2012.com/index.php/issues/jobs-economy
NOTE: Huntsman is not actively campaigning in Iowa

Ron Paul
ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america

Rick Perry
rickperry.org/cut-balance-and-grow-html

Mitt Romney
mittromney.com/jobs

Rick Santorum
ricksantorum.com/news/2011/07/courage-fight-american-jobs

LETTER TO THE EDITOR

One idea

WILLIAM MC DERMOTT

CEDAR FALLS — So Dennis Clayson thinks he knows how liberals think and therefore is a supreme judge of how easy it is to be a liberal. However, last Sunday, he unwittingly disproved his theme. His weekly rant really exposed how dedicated liberals are to a plethora of issues.

There is nothing easy about maintaining your rights. There is nothing easy about working people bargaining for a decent wage. There is nothing easy about making capitalism work for the middle class when neoconservatives call that kind of capitalism socialism. There was nothing easy about women gaining the right to vote. There was nothing easy about the civil rights movement of the 1960s.

Well, I have been watching the clown car of Republican candidates during the dog and pony shows called Republican debates. It is my turn to judge neoconservatives.

I think neoconservatives have it easy. All a neoconservative really believes is this one idea. I got mine, I want more and to heck with everyone else.

2012 IOWA CAUCUS

SOCIAL ISSUES

Economy. That has been the buzzword this campaign season. The Republicans vying for the party's presidential nomination have issued white papers, developed policy proposals and hosted forums on just about every aspect of economic policy possible, each hoping that his or her particular mix of fiscal mojo will resonate with voters.

But all of the talk about jobs, taxes, government regulation and stimulus has left them little time to push their agendas on traditional hot-button issues such as abortion, immigration and same-sex marriage.

And among the candidates competing in Iowa there are definite differences in their ideas as far as the authority of the federal government, the responsibility of the states and the role of morality in lawmaking.

THE CANDIDATES' VIEWS

Bachmann

ABORTION
Anti-abortion. Supports a constitutional abortion ban. Wants the definition of persons to include unborn.

GAY MARRIAGE
Supports constitutional amendment banning gay marriage.

IMMIGRATION
Favors a fence along the U.S.-Mexico border. Opposes government benefits for illegal immigrants and their children.

Cain

ABORTION
Anti-abortion. Supports constitutional abortion ban.

GAY MARRIAGE
Believes marriage between a man and woman should be protected by federal law.

IMMIGRATION
Says the border needs to be secure by "whatever means necessary." He has joked that the U.S. should build a wall and a moat at the U.S.-Mexico border. Says states need to have more authority to handle the issue.

Gingrich

ABORTION
Anti-abortion. Would "like to explore"getting Congress to define life beginning at conception.

GAY MARRIAGE
Supports Defense of Marriage Act, which defines marriage as being between a man and woman but portions of it have been ruled unconstitutional and are under appeal.

IMMIGRATION
U.S.has to rethink its strategy in regard to its relationship with Mexico. Supports a way for illegal immigrants who have been here a long time some type of legal status that is short of citizenship.

Paul

ABORTION
Anti-abortion. Says abortion should be a state issue, not a federal matter.

GAY MARRIAGE
Believes in traditional marriage, but the legalization or prohibition of it is a question best answered by the states.

IMMIGRATION
Believes that the right to citizenship for the children of illegal immigrants should be repealed and supports aggressive deportation for those who overstay their visas or commit crimes.

Perry

ABORTION
Anti-abortion. Supports constitutional abortion ban.

GAY MARRIAGE
Supports a constitutional ban on gay marriage.

IMMIGRATION
Does not support a U.S.-Mexico border fence. Supports in-state tuition at state universities in Texas if they meet other residency requirements.

Romney

ABORTION
Anti-abortion. Previously favored abortion rights. Says Roe vs. Wade should be overturned and the states should be able to make decisions on abortion.

GAY MARRIAGE
Supports a constitutional ban on gay marriage.

IMMIGRATION
Favors fence on the U.S.-Mexico border. Opposes education benefits for illegal immigrants but supports expanding visa opportunities for students and professionals who seek or hold advanced degrees in mathematics, science and engineering.

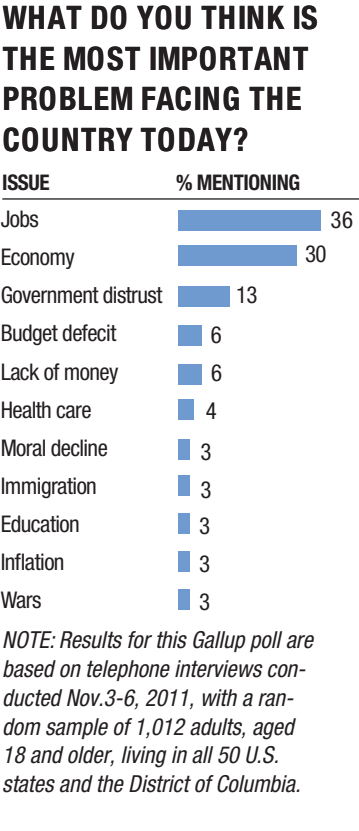
Santorum

ABORTION
Anti-abortion. Supports constitutional abortion ban.

GAY MARRIAGE
Supports constitutional ban on gay marriage.

IMMIGRATION
Supports fence on U.S.-Mexico border. Says federal government should not require states to provide services to illegal immigrants.

Bob Vander Plaats, CEO of the anti-gay marriage and anti-abortion nonprofit Family Leader, meets with supporters during an event in 2010 in Davenport when he was running for Iowa governor. Despite the fierce, loyal support of groups such as the Family Leader,social issues such as gay marriage and abortion don't rank high on lists of concerns among likely caucus voters.

John Schultz
QUAD-CITY TIMES FILE PHOTO

Hot-button issues are cold this year

Gay marriage, abortion take back seat to economy

By MIKE WISER
Quad-City Times Bureau

DES MOINES — Bob Vander Plaats,CEO of the anti-gay marriage and anti-abortion nonprofit Family Leader, strode across the pulpit of First Federated Church in Des Moines and prepared to deliver a message to the thousands in the audience watching from the pews or from a streaming video feed.

Outside, demonstrators packed up their signs and dispersed into the church or the chilly November night. Some had held up signs of chopped-up fetuses, others had signs with biblical messages. But the largest group — about two dozen — was from the local Occupy movement. Their signs had messages about capitalism, Wall Street and the 99 percent.

The parking lot of First Federated serves almost as a microcosm of the political landscape of the country as a whole. There are activists who are committed to social issues such as gay marriage and abortion and see those as the most important issues of the 2012 election. But there are more people who worry about their jobs, making ends meet and what the stock market has done to the their 401(k) plans.

And right now, they have the ear of the presidential candidates.

"Presidential candidates tend to follow public sentiment,not the other way around," said Dennis Goldford,a professor of politics and international relations at Drake University.

More than a third (36 percent) of the respondents to a recent open-ended Gallup poll, for example, picked unemployment/jobs as the biggest problem facing the U.S. The economy in general was second at 30 percent, and dissatisfaction with government was third at 13 percent.

The rest of the issues polled in single digits including social/moral decline and immigration, both which were at 3 percent. The traditional hot-button issues of abortion, same-sex marriage and immigration, it seems, haven't been too hot this campaign season.

"I don't feel slighted, I understand that most of the populace is concerned about the economy," said Bill Tvedt,pastor of Jubilee Family Church in Oskaloosa.

Tvedt was among a group of three dozen Iowa pastors who took the stage with Michele Bachmann in October as the Minnesota congresswoman sought to reinforce her conservative Christian credentials with caucusgoers.

"To me, life is the main issue, everything else follows that," he said. "But evangelicals understand the concerns of the economy. Evangelicals have to feed our families,too."

The Republican candidates competing in Iowa — Bachmann, former Massachusetts Gov.Mitt Romney, Texas Gov.Rick Perry, U.S.Rep.Ron Paul of Texas, former Speaker of the House Newt Gingrich, businessman Herman Cain and former Pennsylvania Sen.Rick Santorum — are anti-abortion and against gay marriage.

And,with the exception of Perry, all take hard line on immigration, with several supporting building a wall on the U.S.-Mexico border and denying state benefits to illegal immigrants. Gingrich shook up a presidential debate last week with his comments on immigration as well.

"I don't know if it's necessarily a bad thing that (illegal immigration is) not part of the campaign at this point," said Lori Chesser,a Des Moines immigration attorney and member of the Immigration Education Coalition executive steering committee. The coalition conducts research and provides briefs on immigration issues.

"I say that not because it's not an important topic — it is a very important and complex one — but because the nature of political campaigns, these issues sometimes don't get the thoughtfulness they deserve," Chesser said.

It's quite a difference from four years ago when then-President George W. Bush came under attack from the right for supporting a "pathway to citizenship"for illegal immigrants already in the country.

Voters called upon the Republicans and Democrats who were vying to replace Bush to discuss their ideas on immigration.

These days, however, immigration hasn't been a major part of the debate, save for Perry having explain his support for the Texas Dream Act that provided in-state tuition benefits for illegal immigrants at state universities as long as certain other requirements are met.

Perry also has called building a complete fence on the U.S.-Mexico border "idiocy." Bachmann, Romney, Cain and Santorum have come out in favor of a complete border fence. Paul has said it's appropriate to "do whatever it takes" to secure the border.

Gingrich also came under fire from his opponents when he suggested last week that illegal immigrants who have been in the U.S. a long time should be eligible for some type of legal status that is short of citizenship but allows them to stay with their families.

Chesser says immigration talk might become more prevalent as the campaign moves from Iowa and New Hampshire to other states,such as Arizona and New Mexico, where it's seen as a more pressing issue.

In contrast, gay marriage is an issue that gets a lot of play in Iowa because of it being the first Midwestern state to legalize same-sex marriage and the fact that it was a court ruling, as opposed to an act of the Legislature, that allowed it.

All the Republican candidates say they believe that marriage should be between a man and woman. Bachmann, Perry, Romney and Santorum have come out in favor of a constitutional amendment banning same-sex marriage.

Iowa Sen. Roby Smith of Davenport, a freshman lawmaker who led the effort among a minority of Iowa senators this year for more restrictive abortion laws, said the presidential candidates aren't ignoring hot-button social issues, they're responding to the mood of the country.

"I'm conservative across the board, not just on one or two issues," Smith said. "A lot of the conservatives I know are like that, too."

WHAT DO YOU THINK IS THE MOST IMPORTANT PROBLEM FACING THE COUNTRY TODAY?

ISSUE	% MENTIONING
Jobs	36
Economy	30
Government distrust	13
Budget defecit	6
Lack of money	6
Health care	4
Moral decline	3
Immigration	3
Education	3
Inflation	3
Wars	3

NOTE: Results for this Gallup poll are based on telephone interviews conducted Nov.3-6, 2011, with a random sample of 1,012 adults, aged 18 and older, living in all 50 U.S. states and the District of Columbia.

VIEWS OF IMMIGRATION BY PARTY

	% SHOULD BE INCREASED	% STAY AT PRESENT LEVEL	% SHOULD BE DECREASED
Democrats	21	37	37
Independents	20	37	41
Republicans	15	31	49

Source:Gallup

VIEWS OF ABORTION BY PARTY

VIEW	REPS.	IND.	DEMS.
Pro-choice	28	51	68
Pro life	67	41	27
Morally acceptable	18	45	55
Morally wrong	74	44	46
Legal in any case	13	29	38
Legal in most cases	5	9	15
Legal in a few cases	45	42	30
Illegal in all cases	34	18	14
Legal in any/most	18	38	53
Legal in few/none	79	60	44

Source: Gallup

SUPPORT FOR LEGAL SAME-SEX MARRIAGE

	% SHOULD BE LEGAL 2010	% SHOULD BE LEGAL 2011	+/-
Democrats	56	69	+13
Independents	49	59	+10
Republicans	28	28	0
Liberals	70	78	+8
Moderates	56	69	+9
Conservatives	25	28	+3
18 to 34	54	70	+16
35 to 54	50	53	+3
55 and older	33	39	+6
Men 18-49	48	61	+13
Men 50+	32	35	+5
Women 18-49	58	65	+7
Women 50+	37	45	+8

Source:Gallup

2012 IOWA CAUCUS

TAX POLICY

2012 might be a year when the November election returns are directly tied to voters' tax returns.

Given the sour state of the national economy and the slow rate of recovery, issues related to job creation, business climate and tax policy are being joined at the hip as voters approach next year's presidential election.

The first order of business, however, is for Republicans to select a standard-bearer they hope can successfully take back the White House next November and make Democrat Barack Obama a one-term president.

Key to that process for Republicans is choosing a candidate who offers the best plan for leading an economic renaissance that includes lower taxes and fewer government regulations they see as necessary to unfetter America's entrepreneurial spirit and innovation.

THE CANDIDATES' VIEWS

Bachmann	Gingrich	Paul	Perry	Romney	Santorum
Eliminates estate tax; provides short-term tax holiday for U.S. companies operating overseas that repatriate their profits followed by 5 percent rate on investment money kept here permanently; revamps corporate tax code to be fairer and simpler; cuts the number of tax brackets and requires everyone to pay some level of tax.	Gives option to file personal income taxes under the current system or pay a flat 15 percent tax on a single-page return that would retain deductions for charity and home ownership; cut corporate tax rate to 12.5 percent; eliminate estate tax and tax on capital gains; allow companies to accelerate tax write-offs for new equipment purchases.	Ends Internal Revenue Service and eliminates the federal income tax but would consider national sales tax or some excise taxes and tariffs to raise revenue; reduces corporate tax rate to 15 percent to improve America's competitive position globally; ends tax on repatriated assets made overseas to spur capital for U.S.investment; extends Bush-era tax cuts for all income brackets.	Offers taxpayers a choice of paying under the current system or under a new flat tax of 20 percent on income. Those who opt for the flat tax would pay no taxes on Social Security, dividends, capital gains and interest, but still would deduct mortgage interest, charitable donations and state and local taxes.	Cuts corporate tax rate to 25 percent to boost America's worldwide competitive position; makes Bush-era tax cuts permanent for all income brackets; opposes national sales tax; eliminates estate tax and taxes on interest, dividends, capital gains or savings for anyone with yearly adjusted gross income under $200,000; closes loopholes to keep tax changes "revenue neutral."	Eliminates corporate tax on manufacturers who make domestic products; allows U.S.companies to repatriate capital without additional taxation to spur new investment; ends regulations placed on business by the Obama administration.

AP PHOTO

Former House Speaker Newt Gingrich speaks during a recent meeting with employees at Nationwide Insurance in Des Moines. Gingrich has proposed giving taxpayers the choice of using the current system or pay a 15 percent flat tax.

Tax policy debate takes 'center stage'

Candidates carry wide-ranging views on changes.

By ROD BOSHART
Gazette Des Moines Bureau

DES MOINES — Longtime tax discount devotee Kevin McLaughlin feels like a voice crying in the wilderness that might finally be heard.

McLaughlin, an investment adviser who chairs the Polk County Republican Party, is encouraged by the tax-cut proposals being touted by the field of GOP presidential candidates. He's hopeful that high unemployment and prolonged economic malaise shrouding Washington may spur action that enables citizens and businesses to keep more of their money from flowing to an increasingly dysfunctional government.

"There are a host of Republican candidates who get it," said McLaughlin, likening efforts to jump-start the U.S. economy without reforming federal taxes to make them simpler and flatter to "building a jet engine and not putting any fuel in it."

Fueling America's economic rebound and creating jobs are the primary focus of GOP contenders competing for the right to face Democrat Barack Obama in the 2012 general election. But that conversation has become fused with demands for tax and regulatory reform as Iowa Republicans prepare to make the first cut in the 2012 presidential nominating process.

The winnowing process already is under way even before Iowans deliver their Jan. 3 verdict with Georgia businessman Herman Cain deciding to suspend his campaign. That development reshaped the tax policy debate by sidelining the proponent of a major "9-9-9" overhaul of the federal system loaded with what he called "thousands of hidden sneak a-taxes" that are hurting U.S. businesses.

The proposals from the remaining GOP field range from eliminating or reducing corporate income taxes, scrapping estate taxes and taxes on inheritances, providing simplified or flat-tax options or doing away with the Internal Revenue Service and eliminating the federal income tax, as Texas U.S. Rep. Ron Paul has proposed. Proposals also call for considering national sales tax or some excise taxes and tariffs to raise revenue needed to operate the government.

"We've seen tax policy take a fairly center stage in some of the presidential debate going on so far," said Matt Strawn, chairman of the Republican Party of Iowa. "I think for economic conservatives looking for some differentiation among the candidates that tax and economic policy is a great place to start."

Texas Gov. Rick Perry and former House Speaker Newt Gingrich have proposed an optional flat tax, which would let people choose between continuing to use the current system for computing their income taxes or paying a flat rate — 20 percent under Perry's plan and 15 percent under Gingrich's approach — while allowing some deductions on taxes for expenses such as mortgage interest or charitable giving.

Former Massachusetts Gov. Mitt Romney advocates extending the tax cuts established under former President George W. Bush to maintain the current top marginal income-tax rate of 35 percent, and he is seeking to exempt taxpayers earning less than $200,000 a year from paying taxes on capital gains, dividends or interest.

Paul, Minnesota U.S. Rep. Michele Bachmann and former Pennsylvania Sen. Rick Santorum have pushed for ending taxes on repatriated assets made overseas as a way to spur capital for U.S. investment. Santorum wants to eliminate corporate taxes on manufacturers who make domestic products, and all the GOP candidates are pledging to end or ease the regulations placed on business by the Obama administration that they say are stifling innovation and entrepreneurship.

Strawn said the future course of tax policy will be a major front in the 2012 battle for control of the White House.

"You've already seen signs of that from the Democratic campaign efforts both here in Iowa and nationally with Obama's advisers," he said. "Instead of the uniter that he ran as in 2008, it's very clear the president's re-election strategy is going to try to divide Americans against each into classes, and I think that's unfortunate."

The problem, said Iowa Democratic Party chairwoman Sue Dvorsky, is the GOP field has become "an echo chamber" for congressional Republicans who are refusing to discuss any federal budget or debt solution that would include "a more fair tax policy for millionaires and billionaires." She pointed to independent studies that indicate many of the GOP tax plans will benefit the wealthiest taxpayers.

"They always say we want to play class warfare when we point out the very real fact of the matter that over the last 20 or 30 years, there has been an increasing disparity of tax policies to continue this widening gap and a crushing burden on the middle class," Dvorsky said.

Iowa tea party leader Ryan Rhodes said the debate in Washington starts from a flawed political premise that tax money is government money that it lends back to the people. In reality, "every single dime that is made by the taxpayer is the taxpayer's money, and they give money to the government to be a steward of," he said. The focus has to be on fiscal responsibility and shrinking government, not increasing taxes, he added.

University of Iowa political science associate professor Tim Hagle said, however, there is less flexibility in economic affairs now than in the 1990s. The political parties are much more polarized and federal spending is much more out of control, making it harder to find workable solutions to break the impasse. Also, he said, former President George H.W. Bush agreed to tax increases as part of a balanced budget solution, but "the cuts never came," so Republicans are determined not to go down that road again.

"It's the details that get sticky," Hagle said.

IS THE AMOUNT OF TAX YOU PAY TOO HIGH, ABOUT RIGHT OR TOO LOW?

NOTE: percent saying "too low" not shown
Source: Gallup

PERCEPTION OF TAXES PAID BY INCOME GROUPS, CORPORATIONS

	TOO MUCH	FAIR SHARE	TOO LITTLE
Middle-income	44%	50%	5%
Lower-income	40%	37%	21%
Upper-income	13%	25%	59%
Corporations	9%	20%	67%

Source: April 7-11 Gallup poll

VIEWS ABOUT OWN TAXES BY INCOME

By annual household income

	<$30K	30-49	50-99	100-249	>250
Too high	45	49	51	54	67
About right	43	47	47	43	26
Too low	4	2	2	3	6
Yes, fair	60	63	60	59	44
No, not fair	31	34	38	40	55

PERCEPTION OF TAXES PAID BY INCOME GROUPS

By annual household income

	<$30K	30-49	50-99	100-249	>250
UPPER-INCOME PEOPLE					
Fair share	19	21	25	29	30
Too much	8	9	10	15	38
Too little	67	67	64	55	30
MIDDLE-INCOME PEOPLE					
Fair share	48	50	50	51	48
Too much	39	43	46	46	45
Too little	10	5	2	2	7
LOWER-INCOME PEOPLE					
Fair share	28	35	42	43	46
Too much	56	48	39	36	25
Too little	13	14	17	18	26

DO YOU REGARD THE INCOME TAX YOU WILL HAVE TO PAY AS FAIR?

Source: Gallup

BY THE NUMBERS

20 percent flat tax proposed by Texas Gov. Rick Perry.

15 percent flat tax proposed by former House Speaker Newt Gingrich.

$200,000 Taxpayers earning less than that a year would be exempt from paying tax on capital gains, dividends or interest.

LETTER TO THE EDITOR

EPA or Postal Service?

JUDY TYLER

RANDALIA — I mailed my Christmas cards (60-70) right after Thanksgiving, planning for plenty of time to reach everyone on my list. A few days later I started receiving phone calls and emails that the recipients received only the front of the envelope. No card, no back of the envelope, just the front. (At least they got that so they know I was thinking of them.)

The following Tuesday I phoned our local post office, which is 10 miles away because they closed "our" post office a couple of years ago. I was informed that using "recycled paper envelopes" can cause the date machine to tear the envelopes quite badly, as it is thinner. OK?!

The EPA has told us to use recycled products, now the Postal Service tells us not to. Wow! This causes a little confusion — EPA or Postal Service? I like the idea of saving the environment, but the Postal Service showed proof 70-plus years ago that there really is a Santa Claus. They would not lie, so I guess I will ask retailers if their envelopes are recycled then purchase only those cards and envelopes that have recently killed another tree.

2012 IOWA CAUCUS

NATIONAL DEBT

This year,the national debt topped $15 trillion, with another $1.3 trillion in federal deficit spending projected for next year. On the campaign trail, Republican candidates have spoken of the debt as a giant bogeyman threatening to crush the American economy and Americans' way of life.

The national debt has risen to the same level as the gross domestic product for the first time since World War II, when debt grew to 120 percent of the GDP.

Candidates offer a mix of spending cuts, constitutional amendments and institutional cuts to help make up the deficit. None of the candidates favors more stimulus spending to spark growth in the economy.

Their differences are often subtle in seeking to rein in government spending and erase the deficit.

THE CANDIDATES' VIEWS

Bachmann	Gingrich	Paul	Perry	Romney	Santorum
Opposed the agreement to raise the debt ceiling and avoid a default. Thinks U.S. should have paid only the interest on the debt while working out a plan for deeper spending cuts. Considers repeal of new federal health-care law as a crucial first step to cutting the deficit. Voted in favor of Rep. Paul Ryan's plan to reform Medicare.	As House speaker in mid-1990s, engineered passage of a seven-year balanced budget plan. It was vetoed by President Bill Clinton but helped form a bipartisan balanced budget two years later. Supports constitutional balanced budget amendment. Seeks to balance the budget by growing the economy, controlling spending, implementing reforms and replacing destructive policies.	Pledges massive cuts immediately after taking office. Would close five Cabinet-level agencies: Education, Energy, Commerce, Interior and Housing and Urban Development. Plans to cut $1 trillion in spending in his first year and have a balanced budget within three years. He proposes ending foreign wars and eliminating foreign aid from the budget.	Proposes to cap federal spending at 18 percent of gross domestic product, down from 25 percent today. Spending cuts have not been laid out in detail but include reducing education funding for elementary and secondary programs by 50 percent, cuts in Fannie Mae and Freddie Mac and eliminating earmarks. Favors constitutional balanced budget amendment and stands against any more bailouts.	Proposes a 10 percent cut in federal work force and elimination of $1.6 billion in Amtrak subsidies and cuts of $600 million in support for the public arts and broadcasting. Supports a hard cap on spending at 20 percent of gross domestic product, down from 25 percent today. Supports repeal of federal health-care law. Supports a constitutional balanced budget amendment.	Opposed the financial industry bailout and stimulus programs of the Bush and Obama administrations. Supports constitutional balanced budget amendment. Voted six times on raising the debt ceiling between 1993 and 2006, five times in favor of it and once against it.Says the debt-to-GDP ratio was going down when he voted for the debt-ceiling increases.

MATTHEW PUTNEY / Courier Photo Editor

Rick Montgomery holds a protest sign about federal spending and increased taxes at a tea party rally in 2009 in Waterloo. Many Republican candidates for president are trying to gain the support of the tea party movement with plans to reduce the national debt.

NATIONAL DEBT*

*Adjusted for inflation

Source: U.S. Department of Treasury

Candidates fight to champion debt reduction

Hopefuls attempt to gain tea party support

By JON ERICSON
Waterloo-Cedar Falls Courier

If the Republican primaries were held in late June or early July, the national debt would have been far and away the most important issue.

Washington, D.C., was bogged down in political rhetoric and doomsday prophecies as Congress struggled to raise the debt ceiling so the U.S. could pay its bills.

Choosing a Republican candidate would have been difficult, as nearly the entire field talked up his or her ability to rein in spending and voiced their distaste for raising the debt ceiling.

But the debt-ceiling crisis was averted, and the hot issue moved on. But debt and deficit issues never strayed far from voters' minds. Voters aligning with the tea party movement placed even greater emphasis on the national debt.

Justin Holmes, an assistant professor of political science at the University of Northern Iowa, said concerns about the national debt tend to rise and fall in cycles. Current concerns about the debt, however, have been magnified by European debt problems and a downgrade of one credit rating of the U.S.

All of the candidates propose steep spending cuts, some spelling them out in more depth than others.

Newt Gingrich loves to lean on his record in the House, particularly when he took over as speaker in 1994, when it comes to the national debt. Gingrich and the Republicans passed a balanced budget plan then, only to have it vetoed by President Bill Clinton. He later worked with Clinton and Senate Democrats to get a balanced budget passed.

"We went from $2.2 trillion in projected deficits over a decade to $2.7 trillion projected surplus when I left," Gingrich said during the Sept. 22 debate in Orlando, Fla. He went on to say the current debt situation is worse, but the country can get back on track. "I believe it is doable, but it takes real leadership."

Mitt Romney supports deep cuts in the budget, wanting to set a spending cap at 20 percent of the gross domestic product, down from 25 percent today. He emphasizes growing the economy as the key to balancing the budget and working at the debt, however.

"The idea of just cutting and cutting and taxing more, I understand mathematically those things work, but nothing works as well as getting the economy going," he said at the Nov. 11 debate in New Hampshire. "Get Americans back to work. Get them paying taxes again. Get corporations growing and investing in America."

Gingrich also talks often about how the economy needs to take off to allow for real debt reduction. Holmes, the UNI professor, thinks the two candidates are on the right track.

"It's a longer-term problem. Most economists will say in the short term it's the wrong time for large cuts. If we can get the economy growing, we will see less of a problem with the debt-to-gross domestic product issue," Holmes said.

Ron Paul, who is polling in second place in some polls in Iowa, has clear plans for reducing the deficit. He draws applause every time he mentions cutting five departments from the federal government. The Texas congressman has touted his plan to cut $1 trillion from the budget in his first year and balancing the budget within three years.

When Michele Bachmann appeared before a hall crowded with University of Northern Iowa students at an education forum earlier this month, she spoke of how she didn't want to throw money into federal spending on education and student loans. But she did tell students that the federal government needs to cut down on the national debt to clear the way for a brighter future for today's young people.

"Their tax rates won't be our tax rates. Their tax rates someday in their peak earning years could be 75 percent," Bachmann said at the New Hampshire debates. "Who's going to get out of bed in the morning when tax rates are 75 percent?"

She sees repeal of the federal healthcare law as a crucial first step to cutting 40 percent of the federal budget.

Rick Perry and Rick Santorum have called for severe budget cuts. Like the rest of the field, they support a balanced budget amendment. Perry sees it as a core component of fiscal responsibility. In the New Hampshire debates, Perry said the next president needs to make that a priority and spend time making sure it happens.

The largest budget items, in order, are Medicare/Medicaid, Social Security and national defense.

University of Iowa economics professor John Solow said the real long-term impact on the national debt depends on changes to Medicare/Medicaid and Social Security.

"We have known for some time something needs to be done with Social Security and Medicare. This has been on the radar screen forever," Solow said. "Some combination of reduction in benefits and increases in revenues has to happen. There is no magic bullet or magic wand to make this go away."

POLLS

What would you do to reduce the deficit?

	YES	NO	NO OPINION
Increase taxes	60%	33	7
Cut defense	47	51	2
Social Security/ Medical changes	42	56	2
Cut other programs	59	37	3
Tax the rich	66	33	1

Source:Gallup poll Aug.4-7

Who do you trust to do a better job of reducing the deficit?

	DEMS.	REPS.	NEITHER
June 16-20	40	43	14
May 5-9	42	40	15
March 24-28	42	43	12
January 5-10	41	41	15
November 18-22, 2010	38	44	13
October 13-18, 2010	40	48	11
September 8-13, 2010	40	47	12

Source:GfK Roper Public Affairs & Corporate Communications poll

LETTER TO THE EDITOR

Stop testing on animals

LINDSEY HARKRIDER
Eighth grade
George Washington Carver Academy

WATERLOO — Do you care about animals and what scientists do to them? They are being tested on every day. Medical testing on animals is not acceptable.

Inspections of animal testing laboratories by veterinary officers from the Department of Agriculture found that rats in one facility developed a disease because they were housed in a warehouse with no moisture in the air.

Claims that animal testing has or will lead to cures for every human ailment are powerful but there is little scientific evidence to back them up.

Animals are not routinely treated well by animal experimenters. Apart from the fact that millions of animals die each year in experiments, others are often not adequately anesthetized and are abused by handlers and experimenters.

Some people think it's acceptable to test on animals because they think it will help develop new cures for many diseases, but in reality it's not helping anyone and animal bodies rarely serve as good models for humans.

In conclusion, I think that testing on animals is wrong and a complete waste of time and money. Others who enjoy the company of animals will say the same. Pledge to be cruelty free.